

Message Text

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 9916

C O N F I D E N T I A L BUENOS AIRES 1054

E. O. 11652: GDS

TAGS: EINV, AR

SUBJECT: PROBLEMS OF ITT ARGENTINE SUBSIDIARY CSEA

REF: STATE 032941

IN RESPONSE TO REFTEL, FOLLOWING ARE FREE TRANSLATIONS OF
DECREE 259 AND DECREE 260 AS THEY APPEARED IN LOCAL PRESS.
OUR REACTION TO GUILFOYLE'S SUGGESTIONS FOLLOW SEPTTEL.

DECREE 259 - ARTICLE 1: A COMMISSION IS HEREBY APPOINTED
TO PROMOTE THE DEVELOPMENT OF A NATIONAL ARGENTINE COMPANY
TO PRODUCE TELECOMMUNICATIONS EQUIPMENT. THE COMMISSION
WILL BE COMPOSED OF A REPRESENTATIVE FROM THE MINISTRY OF
DEFENSE, MINISTRY OF JUSTICE, MINISTRY OF LABOR, TECHNICAL
SECRETARY OF THE PRESIDENCY, SECRETARY OF COMMUNICATIONS, -
MINISTRY OF ECONOMY, SECRETARY OF PLANNING-MINISTRY OF
ECONOMY, AND THE CORPORATION OF PUBLIC ENTERPRISES-MINISTRY
OF ECONOMY.

ARTICLE 2: THE OBJECTIVES OF THE COMMISSION WILL BE:

A) TO PLAN FOR A POLICY OF ARGENTINIZATION IN THE
TELECOMMUNICATIONS FIELD WHICH WILL ASSURE, IN THE
SHORTEST TIME POSSIBLE, THE PRODUCTION OF EQUIPMENT,
MATERIALS AND INSTALLATIONS REQUIRED FOR PUBLIC SERVICE
AND NATIONAL DEFENSE.

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B) TO STUDY THE CREATION OF A COMPANY, OR COMPANIES, TO PRODUCE, OR IF NECESSARY, TO PURCHASE, THE MOST URGENT AND ESSENTIAL TELECOMMUNICATIONS ITEMS NOT YET PROVIDED BY THE COUNTRIES INDUSTRY. THE COMPANY WILL ESTABLISH PRODUCTION PRIORITIES.

C) TO DESIGN RULES FOR PROTECTING AND DEVELOPING PRIVATE AND GENUINELY NATIONAL COMPANIES WHICH NOW PRODUCE, OR CAN PRODUCE, EQUIPMENT AND TECHNOLOGY FOR TELECOMMUNICATIONS, AND WHICH WILL COMPLEMENT OR INTEGRATE WITH THE PRODUCTION PROCESS OF THE PROPOSED COMPANY.

D) TO DELINEATE RULES FOR FUTURE SUPPLY CONTRACTS BY ENTEL AND OTHER STATE ENTITIES, FOR INVESTMENTS IN FUTURE PRODUCTION ENTERPRISES, AND FOR INTERNATIONAL TENDERS.

ARTICLE 3: THE COMPANY SHALL BE ESTABLISHED ACCORDING TO COMMERCIAL CRITERIA, IN ACCORD WITH LAW 20-558 AND SHALL HAVE AN INDEPENDENT IDENTITY FROM ENTEL.

ARTICLE 4: THE COMMISSION SHALL PREPARE A PRELIMINARY STUDY WITHIN 60 DAYS INDICATING THE COMPLETION DATE OF THE PROJECT, LIKELY DIFFICULTIES, A CALCULATION OF COSTS AND INVESTMENTS, ITEMS AVAILABLE AND NECESSARY, AND A PLAN FOR PRODUCTION AND COMMERCIALIZATION. THE SOLICITOR OF THE TREASURY SHALL REVIEW THE CONCLUSIONS OF THE COMMISSION.

ARTICLE 5: THE COMMISSION SHALL FOLLOW CLOSELY ANY FINANCIAL, LEGAL, EMPLOYMENT OR PRODUCTION IMPACT WHICH LAW 20-743, OR OTHER FACTORS, MAY HAVE ON STANDARD ELECTRIC AND SIEMENS S.A. AS NECESSARY, IT WILL ADVISE LEGAL MEASURES TO BE ADOPTED, INCLUDING THE APPLICATION OF LAW NO. 13-264. THE JUDICIAL EXECUTION OF THIS LAW SHALL BE THE RESPONSIBILITY OF THE SOLICITOR OF THE TREASURY.

ARTICLE 6: THE COMMISSION SHALL ALSO ISSUE THE FOLLOWING DIRECT-CONFIDENTIAL

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IVES:

A) IT SHALL DETERMINE AND ADMINISTRATIVELY SET THE AMOUNT OF COMPENSATION OWED TO THE STATE BY THESE FIRMS (SIEMENS & STANDARD ELECTRIC). THIS SHALL BE DONE ACCORDING TO RULES ESTABLISHED BY THE CONGRESSIONAL INVESTIGATING COMMITTEE, WITHOUT PREJUDICE TO THE DEFINITIVE JUDICIAL DECISION.

B) IT SHALL UNDERTAKE THE APPROPRIATE ADJUSTMENT OF ACCOUNTS BETWEEN THESE FIRMS (STANDARD ELECTRIC & SIEMENS) AND ENTEL.

C) IT SHALL PROPOSE NECESSARY MEASURES TO KEEP THESE COMPANIES FROM SELLING FIXED ASSETS OR INVESTMENTS AS SHOWN IN THEIR 1973 BALANCE SHEETS.

ARTICLE 7: THE COMMISSION SHALL BE AUTHORIZED TO DIVIDE ITS WORK INTO SUBCOMMISSIONS, AND TO REQUEST DIRECTLY THE HELP OF GOA TECHNICIANS AND EXPERTS AS NECESSARY. IT SHALL DO ITS WORK IN THE OFFICE OF THE ENTERPRISE PRESCRIBED BY THE PRESIDENT, AND A REPRESENTATIVE DESIGNATED BY THE EXECUTIVE POWER SHALL PRESIDE OVER ITS PLENARY SESSIONS. WHATEVER AGREEMENT OR OBLIGATION THE COMMISSION UNDERTAKES SHALL BE "AD REFERENDUM" OF THE EXECUTIVE POWER.

DECREE 260 - ARTICLE 1: DECLARES NULL AND VOID THE CONTRACTS MADE BETWEEN ENTEL AND STANDARD ELECTRIC, SIEMENS OF WEST GERMANY, AND SIEMENS ARGENTINA S.A., APPROVED BY DECREE LAW 18,166/69 WHICH REPEALED BY LAW 20NUREM

ARTICLE 2: THE SOLICITOR OF THE TREASURY SHALL ESTABLISH THE MEANS AND JUDICIAL ACTIONS REQUIRED TO FULFILL THE TERMS OF THIS DECREE, AND IN PARTICULAR TO OBTAIN THE COMPENSATION OWED TO THE ARGENTINE STATE.

NOTE: LAW 20,743, PROMULGATED SEPTEMBER 23, 1974 REPEALS DECREE LAW 18,166. LAW 20,558 OF NOVEMBER 30, 1973 ESTABLISHES CORPORATION OF NATIONAL ENTERPRISES.
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LAW 13,264 IS THE LAW OF EXPROPRIATION PROMULGATED SEPTEMBER 22, 1948.
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